

# BUDGET LETTER

	<b>NUMBER:</b> 05-31
<b>SUBJECT:</b> EMPLOYEE COMPENSATION ADJUSTMENTS	<b>DATE ISSUED:</b> November 3, 2005
<b>REFERENCES:</b> PAY LETTERS 05-11, 05-14, 05-15, 05-16, 05-17, 05-18, 05-20, and PML 05-031	<b>SUPERSEDES:</b> BL 04-34

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**Budget Officers are required to forward a copy of this Budget Letter (BL) to Departmental Personnel and Labor Relations Officers.**

This BL addresses the impact of the 2005-06 employee compensation adjustments approved through the collective bargaining process and provides background information and related costing instructions for these adjustments. This BL provides departments with instructions to request additional current year and budget year funding for adjustments effective in 2005-06.

## I. Background

The state has executed Memoranda of Understanding (MOUs) with 9 of the 21 collective bargaining units (Units) for agreements covering 2005-06, however, only 6 are scheduled to receive salary increases:

- Unit 5, California Association of Highway Patrolmen (CAHP)
- Unit 6, California Correctional Peace Officers' Association (CCPOA)
- Unit 7, California Union of Safety Employees (CAUSE)
- Unit 8, California Department of Forestry and Fire Protection Firefighters (CDFF)
- Unit 9, Professional Engineers in California Government (PECG)
- Unit 18, California Association of Psychiatric Technicians (CAPT)

This letter provides departments with instructions for scheduling the 2005-06 employee compensation adjustments for state employees represented by the 6 Units with current agreements ratified by both membership and the Legislature, and similar adjustments for excluded employees as approved by the Department of Personnel Administration (DPA).

These instructions do not apply to personnel of the University of California, the California State University, the Hastings College of Law, or State Active Duty personnel of the Military Department. Additionally, since the California Citizens' Compensation Commission has not adjusted the salaries of State Constitutional Officers, this BL does not include adjustments for those positions.

## II. Employee Compensation Adjustments

### A. Instructions

Budget staff of the affected departments must complete and submit the appropriate attachments to their respective Department of Finance (Finance) Budget Analysts. The information is necessary to support the funding request and to provide the necessary scheduling information to process the Executive Order to transfer appropriation authority from Item 9800 to the support appropriations for the respective departments. Refer to the following attachments to determine eligible adjustments and to prepare departmental funding requests:

- Attachment I, DEPARTMENTAL REQUEST
- Attachment II, ELIGIBLE MISCELLANEOUS AND SPECIAL SALARY ADJUSTMENTS
- Attachment III, SALARY ADJUSTMENT FOR BARGAINING UNIT 9
- Attachment IV, MISCELLANEOUS AND SPECIAL SALARY ADJUSTMENTS WORKSHEET
- Attachment V, UNIT 12 HEALTH CONTRIBUTION ADJUSTMENT
- Attachment VI, INTERAGENCY AGREEMENT WORKSHEET
- Attachment VII, SCHEDULING WORKSHEET
- Attachment VIII, PLANNING ESTIMATE ADJUSTMENT WORKSHEET

To request funding for eligible adjustments, departments **must** complete and submit Attachments I, VII, and VIII to their respective Finance Budget Analysts. Departments should submit Attachments IV, V and VI as appropriate. After calculating the departmental total on Attachment I, if the department total equals or exceeds \$1,000, departments must schedule the total request by appropriation item on Attachment VII and post these adjustments on Attachment VIII.

Departments requesting funding for the employee compensation adjustments associated with increased costs of interagency agreements must coordinate with the department being paid for the service in order to correctly complete Attachment VI. Attachment VI must be completed by the department that must pay increased compensation costs under an interagency agreement. Employee compensation and benefit adjustments for these departments will be considered under the following conditions:

- Personnel funded by the interagency agreement must be eligible for an adjustment, as approved by DPA and identified in this BL.
- The department paying for the services must incur additional costs resulting from the employee compensation and benefit adjustments approved by DPA and identified in this BL. Paying departments are required to calculate and enter these amounts on Attachment VI.
- Any interagency agreement included on Attachment VI must be amended to reflect the corresponding funding request.
- For each individual interagency agreement, the total adjustment must be at least **\$10,000** to be eligible for inclusion on Attachment VI.
- The department receiving payment under an interagency agreement must reflect the receipt as reimbursements in the appropriate schedules in their respective budget items.

### B. Miscellaneous and Special Salary Adjustments

Various employee compensation adjustments were negotiated and approved for represented employees addressed in this BL and for related excluded employees, beginning in 2005-06. The

salary adjustments can be found on Attachments II and III. Bargaining Unit 12 received increased employer contributions toward health benefits. This adjustment is calculated on Attachment V. The DPA has transmitted specific classification and pay adjustment data to departments through Pay Letters 05-11, 05-14, 05-15, 05-16, 05-17, 05-18, 05-20 and PML 05-031. Any questions regarding the classifications or specific adjustments should be directed to departmental labor relations offices or DPA.

**No additional funds will be provided for adjustments not appearing on Attachment II, III, or V. Miscellaneous and special salary adjustments will not be provided for overtime or temporary help blankets.**

**Departments must pay close attention to the provisions in the MOUs for costing purposes.**

### **C. Salary Driven Payroll Benefits – State Employer Cost**

Funding will be provided for the following salary-driven payroll benefits applicable to the miscellaneous and special salary adjustments:

- OASDI (Social Security) - 6.2 percent of total salary (base salary plus increase) up to the \$91,500 cap for 2005-06 as indicated in Budget Letter 05-22 (Price Letter).
- Medicare - 1.45 percent of total salary (no cap).
- Retirement, departments must use the 2004-05 retirement rates reflected in Budget Letter 05-25. This information will be used in completing Attachment I and Attachment IV.
- **Other increased costs will not be funded.**

### **III. Due Dates**

Departments are required to return all attachments, as appropriate, along with related supporting documentation, to their respective Finance Budget Analyst as soon as possible, but no later than **Thursday, November 10, 2005.**

### **IV. Questions**

Please direct your questions to the following entities:

- Questions related to provisions of an MOU should be directed to the departmental labor relations officer or DPA.
- Technical guidance on provisions of, or attachments to, this BL should be directed to Audrey Bazos or Tim Lynn of Finance, Administration Unit, at (916) 445-3274 (CNET 485-3274).

/s/ Greg Rogers

Greg Rogers  
Assistant Program Budget Manager

Attachments